

**TECHNOLOGY & INNOVATION DEPARTMENT
ACH TRANSACTION PROCESSING REVIEW
AUDIT 18-02
February 6, 2018**



CITY OF TAMPA

Bob Buckhorn, Mayor

Internal Audit Department

Christine Glover, Internal Audit Director

February 6, 2018

Honorable Bob Buckhorn
Mayor, City of Tampa
1 City Hall Plaza
Tampa, Florida

RE: Technology & Innovation, ACH Transaction Processing Review, Audit 18-02

Dear Mayor Buckhorn:

Attached is the Internal Audit Department's report on ACH Transaction Processing Review.

We thank the aforementioned management and staff for their cooperation and assistance during this audit.

Sincerely,

/s/ Christine Glover
Internal Audit Director

cc: Dennis Rogero, Chief of Staff
Sonya Little, Chief Financial Officer
Ernest Mueller, Chief Assistant City Attorney
Russell Hauptert, Chief Technology Officer
Don Disler, Lead Systems Analyst

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/s/ Anthony D. Tiwari

Auditor

/s/ Christine Glover

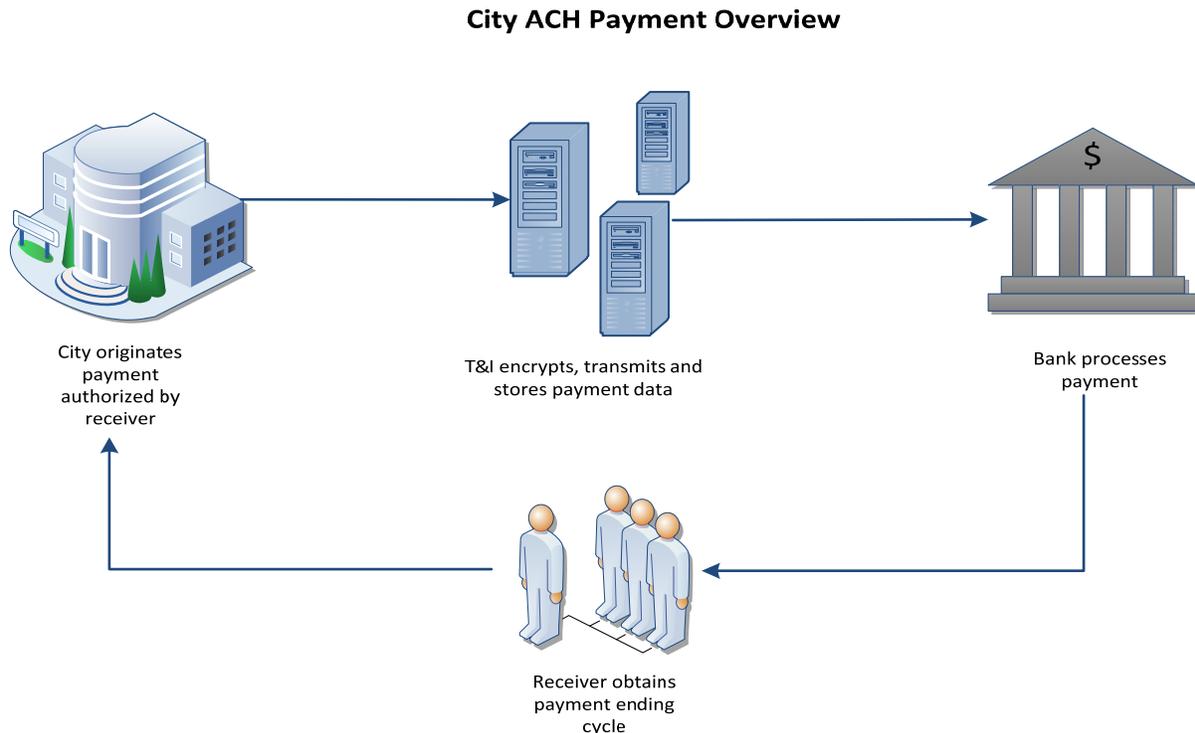
Audit Director

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BACKGROUND

The City of Tampa (City) uses the Automated Clearing House (ACH) Network to process transactions for customer billing, City utility payment and employee payroll. The ACH Network is a processing and delivery system that provides for the distribution and settlement of electronic fund transfers among financial institutions. Rather than sending each payment separately, ACH transactions are accumulated and sorted by the destination for periodic scheduled transfers.¹ The ACH Network is at the center of commerce in the United States, moving money and information from one bank account to another via ACH transactions. The National ACH Association stated that each year it moves more than \$41 trillion electronic financial transactions.² The Technology and Innovation Department (T&I) facilitates the ACH transmission through an electronic transfer of funds from the customer to the City and from the City to the receiver.

Through standing authorizations for customer billing, the customer grants the City authority to debit their account and initiate the transfer. For City utility payment and employee payroll the receiver grants the City authority to credit their account. Payment details are encrypted and transmitted to Bank of America through ACH processes. All customer billing, utility payment and employee payroll information is continuously backed up to the City's secure servers. The diagram below illustrates an overview of the ACH cycle for City utility payment and employee payroll.



1 Understanding the ACH Network. www.regaltek.com.2002
2 The Automated Clearing House Network. www.NACHA.org.2015

STATEMENT OF OBJECTIVES

This audit was conducted in accordance with the Internal Audit Department's FY18 Audit Agenda. The objectives of the audit were to evaluate:

1. The adequacy of the internal control system for securely processing ACH transactions.
2. The adequacy of physical and logical security over systems and applications that are used to store ACH transaction data.

STATEMENT OF SCOPE

The audit period covered FY17. Both qualitative and quantitative assessments were performed to determine whether the management and staff of T&I were fulfilling their stated duties and responsibilities in an effective and efficient manner. Original records as well as copies were used as evidence and verified through observation and physical examination.

STATEMENT OF METHODOLOGY

We achieved our audit objectives by utilizing the following methods:

1. Interviewed key personnel to determine whether adequate controls over the internal processes had been established.
2. Evaluated the design of controls over ACH transaction processing.
3. Reviewed applicable industry standards, internal policies and procedures for completeness and compliance.
4. Analyzed the reliability of data surrounding the ACH transaction processing to evaluate the operating effectiveness of internal controls.

At the conclusion of this work, we conducted a risk analysis and found no substantial risk existed to merit additional testing.

STATEMENT OF AUDITING STANDARDS

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

AUDIT CONCLUSIONS

Based upon the audit work performed, our conclusions are as follows:

1. An adequate system of internal controls exists for securely processing ACH transactions.
2. The physical and logical security over systems and applications that are used to store ACH transaction data is adequate.